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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/574,294	05/19/2000	Stephen G. Bodurtha	0326-136A	7981

7590

09/05/2002

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EXAMINER
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SNAPP, SANDRA S

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 09/05/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/574,294

Applicant(s)

BODURTHA ET AL.

Examiner

Sandra Snapp

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 09 March 2001.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 09 March 2001 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☒ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                      | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____. |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                             | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>2,3,4</u> . | 6) <input type="checkbox"/> Other: _____.                                   |

***Drawings***

Figure 1 should be designated by a legend such as --Prior Art-- because only that which is old is illustrated. See MPEP § 608.02(g). A proposed drawing correction or corrected drawings are required in reply to the Office action to avoid abandonment of the application. The objection to the drawings will not be held in abeyance.

***Specification***

The use of the trademarks AMAZON.COM INC, AMERICA ONLINE INC, etc. (middle of page 9) have been noted in this application. Although the use of trademarks is permissible in patent applications, the proprietary nature of the marks should be respected and every effort made to prevent their use in any manner which might adversely affect their validity as trademarks.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-16 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In claim 1, line 2, the phrase "evidencing a beneficial interest" is vague and indefinite. In lines 4, 6, 7, and 11, the phrase "the underlying securities" is confusing in view of the previously recited phrase "one or more underlying securities" because if only one security is used, then the plural form of securities is inconsistent. The Examiner suggests, amending each occurrence of the phrase to read, "the one or more underlying securities." This same issue is repeated

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throughout the entire set of claims, and each individual claim should be reviewed and amended accordingly. Consistent terminology should be used in all the claims. In lines 7 and 9, the phrases “security receipts” and “underlying securities” are confusing, are these in reference to the previously identified ‘one or more underlying securities’ or are they new ones? Also, in line 11, is the receipt in the phrase “a security receipt” intended to be a new, different security receipt than those previously identified? If so, perhaps identifying it as such would reduce confusion, if not, the term “the” or “said” or “one of the” should be used. The same issue is raised with regard to claims 5 and 6.

In claim 2, is the “particular security receipt” a new one, or one of those previously identified? The phrase, as it currently stands, is confusing. Also, the phrase “common characteristics” is vague and indefinite.

Claim 3 is indefinite because it is unclear if the phrase “a Receipt” in line 2 is different from the “newly issued Receipts” of the same line, or one of the previously claimed receipts identified in claim 1. Claim 3 is also redundant in view of claim 1.

In claim 7, line 2, the phrase “evidencing a beneficial interest” is vague and indefinite. In line 4 the phrase “of underlying securities” is confusing because it is not clear if it is a bundle of new securities, or a bundle of the securities identified in the preamble. Is the reference to “securities” in line 5 in reference to those of the preamble or those of line 4, or both? In lines 6-7 and 11, the phrase “evidencing ownership” is vague and indefinite.

If only one security is used, then the plural form of securities is inconsistent. The Examiner suggests, amending each occurrence of the phrase to read, “the one or more underlying

securities.” This same issue is repeated throughout the entire set of claims, and each individual claim should be reviewed and amended accordingly.

In claim 8, the term “owners” in line 1 should be preceded with - -the- - or - -said- - since owners was previously identified in claim 7.

The preamble of claim 9 is vague and indefinite, what is in combination? The preambles in claims 10 and 11 are inconsistent with independent claim 1 and lack antecedent basis. Also, should claims 10 and 11 depend from claim 1 or claim 9, because claim 1 lacks a vehicle exchange means and a vehicle arbitrage means whereas claim 9 does have each.

In claim 11, line 3, “said corresponding security” lacks proper antecedent basis.

The preamble in claim 12 is indefinite because of the phrase “said method *corresponding* to the steps of.”

In claim 13, the phrase “said passing through” lacks proper antecedent basis.

In claim 14, the phrase “said common characteristics” lacks proper antecedent basis.

It is unclear whether claim 15 should depend from claim 12 or claim 5 because claim 5 lacks any tradable security vehicle, wherein claim 12 has one. If claim 15 does indeed depend from claim 5, then the phrase “said tradable security vehicle” lacks proper antecedent basis.

Claim 16 is indefinite because it is unclear whether it should depend from claim 7 or claim 12. Claim 7 lacks a tradable security vehicle, yet claim 12 has one. If it truly does depend from claim 7, then the phrase “said security vehicle” lacks proper antecedent basis.

### ***Claim Rejections - 35 USC § 102***

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-15 are rejected under 35 U.S.C. 102(b) as being anticipated by the Merrill Lynch Internet HOLDRs article.

The Merrill Lynch Internet HOLDRs article discloses a system for managing one or more security receipts, the system comprised of: a trustee (trustee, paragraph adjacent heading “Issuer”); a computer system (Examiner takes official notice that it is well known in the art that securities management systems are electronically available and used); a means for generating security receipts (2<sup>nd</sup> paragraph adjacent heading “Composition”); a means for accepting a further deposit (paragraph adjacent heading “Ongoing Issuance”) or canceling a security receipt (paragraph adjacent heading “Cancellation”); a means for trading the securities receipts (paragraph adjacent heading “Security”); means permitting an owner of the security receipt to vote on the underlying security (paragraph adjacent heading “Security”); means for distributing dividends (paragraph adjacent heading “Security”); and a means for exchanging the underlying securities (paragraph adjacent heading “Security”). The underlying securities of the security receipts also have a common characteristic such as a business directed to Internet-based commerce (paragraph adjacent heading “Composition”).

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) do not apply to the examination of this application as the application being examined was not (1) filed on or after November 29, 2000, or (2) voluntarily published under 35 U.S.C. 122(b). Therefore, this application is examined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

Claims 1-4, 6, 7, and 12-13 are rejected under 35 U.S.C. 102(e) as being anticipated by the Weiss et al. patent (US 5,987,435).

The Weiss et al patent discloses a system for managing one or more security receipts, the system comprised of: a trustee (proxy asset account manager, col. 5, lines 61-67); a computer system (system, col. 5, lines 50-58); a means for generating security receipts ('issuing' proxy assets, col. 6, lines 1-2); a means for accepting a further deposit or canceling a security receipt or for trading the securities receipts (col. 5, lines 61-67); means for distributing dividends (col. 6, lines 13-15); and a means for exchanging the underlying securities (col. 5, lines 61-67). The underlying securities of the security receipts also have a common characteristic (real estate example, col. 6, lines 21-24).

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claim 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over the Merrill Lynch HOLDRs article as applied to claim 7 above, and further in view of the Cristofich et al. patent (US 5,671,363).

The Merrill Lynch article discloses all the elements of the presently claimed invention except that the trustee coordinates transactions through a Depository Trust Company. The Cristofich et al. patent teaches a stock management system wherein the stock is transferred to the

system manager through a depository trust company (col. 3, lines 55-62). It would have been obvious to include such a parameter on the Merrill Lynch system because it provides a centralized location for exchanges that would help the eliminate duplication of efforts.

### *Conclusion*

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The Tull, Jr. reference discloses a data processing system for implementing a financial debt instrument based on an underlying basket of stocks. The articles entitled: "Merrill Lynch Launches Single Security Representing 20 Internet Stocks" (September 22, 1999), "A Foolish Review of HOLDRs" (February 2, 2000), "Merrill Lynch Introduces Single Security Representing 20 Biotech Stocks" (November 22, 1999), "Amex Vendor Alert #1999-1" (September 29, 1999), and "With Newest HOLDRs, Merrill Lynch Aims to Offer The World" (August 8, 2000) all discuss the implementation of the HOLDRs program, with some identifying that the HOLDRs system was started in 1998.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sandra Snapp whose telephone number is 703-305-6940. The examiner can normally be reached on Mon.-Thurs..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on 703-308-1065. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.



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Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

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August 22, 2002



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